

Agreement of Assignment

THIS AGREEMENT dated as of July 6, 1982, between AMOCO OIL COMPANY, a corporation duly organized and existing under the laws of the State of Maryland (hereinafter sometimes referred to as the "Assignor") and the CITY OF WOOD RIVER, ILLINOIS, a municipal corporation duly organized and existing under the laws of the State of Illinois (hereinafter sometimes referred to as the "Assignee"),

WITNESSETH:

WHEREAS, the Assignor is a party to an Installment Sale Agreement dated November 15, 1976, by and between the Assignor herein and the ILLINOIS INDUSTRIAL POLLUTION CONTROL FINANCING AUTHORITY (hereinafter sometimes referred to as the "Issuer"), a copy of which is attached hereto as Exhibit 1 and incorporated herein by reference; and

WHEREAS, said Installment Sale Agreement provides for the Issuer to issue revenue Bonds to finance the construction of pollution control facilities (hereinafter sometimes referred to as the "Project") at the Assignor's refinery at Wood River, Illinois; and

WHEREAS, the Bonds have been issued, authenticated and delivered and the revenues and receipts derived from the Project hereby assigned and pledged to the Harris Trust and Savings Bank, as Trustee, by the Issuer, pursuant to an Indenture of Trust, dated as of November 15, 1976, (a copy of which is attached hereto as Exhibit 2); and

WHEREAS, said Installment Sale Agreement required the Assignor to convey to the Issuer that portion of the Project which had then been acquired and constructed and such portions of the Project to be acquired and constructed by the Assignor; and

WHEREAS, said Installment Sale Agreement provides that upon payment of the principal of, premium, if any, and interest on the Bonds by the Assignor, the Issuer shall convey the Project to the Assignor; and

WHEREAS, the Bonds currently remain outstanding and title to the Project currently remains in the Issuer; and

WHEREAS, the Assignor has determined to suspend refining operations at its Wood River, Illinois, facility and is desirous of assigning the said Installment Sale Agreement and any of its interest therein, together with its rights, duties and obligations regarding certain portions of the Project to Assignee, subject, however, to certain reservations contained herein; and

WHEREAS, the Assignee operates a sewage treatment facility contiguous to the Assignor's Project which facility is no longer satisfactory for the treatment of sewage wastes; and

WHEREAS, the Assignee desires to acquire Assignor's interest in the said Installment Sale Agreement and in certain portions of the Project for use with its own facility upon the terms and conditions and for the purposes set forth in said Installment Sale Agreement; and

WHEREAS, it is the intent of the Assignor to donate its interest in said Agreement and in certain portions of the Project to the Assignee as a charitable contribution within the meaning of Section 170(c)(1) of the Internal Revenue Code of 1954, as amended;

NOW THEREFORE, the parties hereto agree as follows:

AMOCO OIL COMPANY (Assignor), pursuant to a resolution of the board of directors of the corporation, passed on July 6, 1982, hereby assigns, transfers, and sets over to the City of Wood River, Illinois (Assignee), the said Installment Sale Agreement and any and all of its interest therein, subject to the reservations contained below, and any and all of its interest in certain of the property described at pages 28-30 of the said Installment Sale Agreement, namely Exhibits A (Paragraphs 1, and 4 only), B and C to said Installment Sale Agreement, specifically consisting of an activated sludge plant, which includes mechanical systems for prefiltration, aeration, clarification, sludge recycling, aerobic digestion, and final filtration of wastewater; associated vessels, mixers, aerators, pumps, electrical, instrumentation, piping, supports and spare parts required for the above items; Project Land as defined in Exhibit B and Project Easement as defined in Exhibit C; together with any and all rights which the Assignor possesses therein.

EXCEPT AS SPECIFICALLY PROVIDED HEREIN OR IN ANY OTHER AGREEMENT WHICH MAY BE ENTERED INTO BETWEEN THE PARTIES HERETO RELATING TO THE TREATMENT OF WASTEWATER, THE ASSIGNOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PROPERTY ASSIGNED AND TRANSFERRED HEREIN OR ANY PART THEREOF, OR THAT IT WILL BE SUITABLE FOR THE ASSIGNEE'S PURPOSES OR NEEDS, IT BEING AGREED THAT, AS BETWEEN ASSIGNOR AND ASSIGNEE, ALL SUCH RISKS ARE TO BE BORNE BY THE ASSIGNEE AND IN NO EVENT DOES ASSIGNOR COMMIT TO UNDERTAKE ANY REPAIRS OR MAINTENANCE ON SAID PROPERTY.

EXCEPT AS SPECIFICALLY PROVIDED HEREIN OR IN ANY OTHER AGREEMENT WHICH MAY BE ENTERED INTO BETWEEN THE PARTIES HERETO RELATING TO THE TREATMENT OF WASTEWATER, ASSIGNOR SHALL NOT IN ANY WAY BE LIABLE TO THE ASSIGNEE (i) FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND CAUSED DIRECTLY OR INDIRECTLY BY SAID PROPERTY, OR ITS OPERATION, OR THE RETROFIT, USE, MAINTENANCE, OR HANDLING OF IT OR ANY PART THEREOF, OR BECAUSE IT OR ANY PART THEREOF BECOMES UNSUITABLE OR UNSERVICEABLE, OR FOR ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF, OR (ii) FOR ANY LOSS OF BUSINESS OR RENEWALS OR DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHATSOEVER OR HOWSOEVER CAUSED, AND REGARDLESS OF

WHETHER A CLAIM IS BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHER THEORY.

EXCEPT AS SPECIFICALLY PROVIDED HEREIN OR IN ANY OTHER AGREEMENT WHICH MAY BE ENTERED INTO BETWEEN THE PARTIES HERETO RELATING TO THE TREATMENT OF WASTEWATER, ASSIGNEE SHALL NOT IN ANY WAY BE LIABLE TO THE ASSIGNOR (i) FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND CAUSED DIRECTLY OR INDIRECTLY BY SAID PROPERTY, OR ITS OPERATION, OR THE RETROFIT, USE, MAINTENANCE, OR HANDLING OF IT OR ANY PART THEREOF, OR BECAUSE IT OR ANY PART THEREOF BECOMES UNSUITABLE OR UNSERVICEABLE, OR FOR ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF, OR (ii) FOR ANY LOSS OF BUSINESS OR RENEWALS OR DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHATSOEVER OR HOWSOEVER CAUSED, AND REGARDLESS OF WHETHER A CLAIM IS BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY IN TORT OR OTHER THEORY.

Pursuant to provisions of Section 9.1 of the Installment Sale Agreement, the Assignor hereby agrees to continue to remain liable for payment of the amounts specified in Section 5.3 of said Installment Sale Agreement and for the performance and observance of the other covenants, warranties, representations, and agreements on its part required to be performed and observed by it as provided in said Installment Sale Agreement to the same extent as though no assignment had been made.

THE CITY OF WOOD RIVER, ILLINOIS, (Assignee) pursuant to a resolution of the City Council passed on July 6, 1982, hereby assumes all obligations of the Assignor under the Installment Sale Agreement for the payment of the amounts specified in Section 5.3 thereof and agrees to perform and observe all other covenants, warranties, representations, and agreements on its part as provided in the Installment Sale Agreement to be performed and observed by the Assignor.

Assignee further agrees that it will do nothing to cause an Event of Default under the said Installment Sale Agreement, and agrees to indemnify Assignor from any liability damages, or expenses incurred by Assignor in the event Assignee fails to meet said obligations.

Assignor agrees that it will continue to make all interest, principal and premium payments, if any, on the pollution control revenue Bonds issued by the Illinois Industrial Pollution Control Financing Authority and used to finance construction of the pollution control facilities herein assigned, as may be required under Section 5.3 of the Installment Sale Agreement or otherwise, and that it will continue to make all payments directly to the Harris Trust and Savings Bank, as Trustee under the Indenture of Trust from the Illinois Industrial Pollution Control Financing Authority to the Trustee, dated as of November 15, 1976, relating to said Bonds. Assignor agrees that it will indemnify, save, and hold harmless the Assignee from any and all expenses, payments, charges or fees relating to said Bonds and from any other costs or expenses associated with the Installment Sale Agreement and its assignment hereof, including any taxes presently paid which continue to be assessed on the

Project, provided, however, that this indemnification shall in no event apply to any liabilities, damages, expenses or costs relating to or arising out of the Assignee's operation and maintenance of the Project or arising as a result of any action or inaction by Assignee which causes an Event of Default under said Installment Sale Agreement.

Nothing herein shall effect or impair in any way Assignor's options under said Installment Sale Agreement for prepayment of the purchase price of the Project, or for redemption of the Bonds, as specified in Sections 5.3, 9.4, 9.5 and 11.1 of said Agreement, or for redemption of the Bonds and discharge of the said Indenture of Trust by and between the Issuer and the Harris Trust and Savings Bank, as Trustee, as specified in Articles III and VIII of said Indenture of Trust.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

AMOCO OIL COMPANY

By *L. S. Thomas*
Vice President

(SEAL)

Attest:

R. D. Mitchell
Secretary

The City of Wood River, Illinois

By *Sam D. Smith*
Mayor

(SEAL)

Attest:

Jean Stanley
Clerk

See File
Draft #1 - 5/25/82
Draft #2 - 6/21/82
Draft #3 - 6/25/82
Draft #4 - 6/30/82
Draft #5 - 7/1/82
Final - 7/2/82
approved 7/6/82

OPERATING AGREEMENT

This Operating Agreement, made this 6TH day of JULY, 1982, by and between the City of Wood River, Illinois, (hereinafter referred to as "the City"), and Amoco Oil Company, a Maryland corporation (hereinafter referred to as "Amoco");

WHEREAS, it is the intent of Amoco to donate to the City all its interest in the wastewater treatment plant (as specified in the Agreement of Assignment attached hereto as Exhibit 1, and hereinafter referred to as the "Facility") located at its Wood River Plant, upon the terms and conditions set forth in the attached Agreement of Assignment, as a charitable contribution within the meaning of Section 170(c)(1) of the Internal Revenue Code of 1954, as amended; and

WHEREAS, the City desires to accept said Facility in order to improve its capacity to handle municipal wastes and to treat certain industrial wastewater; and

WHEREAS, in order to continue to treat the industrial wastes, water run-off, and ground water (hereinafter together referred to as "wastewater") generated or located at Amoco's plant in Wood River, Illinois, the parties are desirous of entering into this Operating Agreement, whereby the City agrees to treat the wastewater from said sources upon the terms and conditions set forth herein; and

Page 2

WHEREAS, in order to aid the City in meeting its requirements, Amoco is desirous of providing access to the City to certain storage lagoons located west of the flood control dike and adjacent to the Mississippi River, together with the 72" sewer pipe connecting the lagoons to the Facility, upon the terms and conditions set forth in Section 8 hereof; and

WHEREAS, in order to enable the City to maintain and operate wastewater feed pumps to the Facility, a force main to the Facility, and the effluent main from the Facility, Amoco is desirous of granting an easement to the City to enter upon Amoco's property located adjacent to Old Route No. 3, in substantially the form attached hereto as Exhibit 2; and

WHEREAS, in order to permit Amoco to fight any fires which may take place in the adjacent tank farm, the City is desirous of granting to Amoco an easement through the Facility to the tank farm, and an easement to operate the firewater pump located within the Facility; and

WHEREAS, in order to provide the City with property adjacent to the Facility, Amoco is desirous of providing the City with a warranty deed to the property upon which a spay clinic is presently located, and immediately with the execution hereof, of providing the City access to the property for its purposes in completing the retrofit.

NOW, THEREFORE, the City and Amoco agree as follows:

1. Effective Date

a) This Operating Agreement shall be effective immediately upon execution hereof, except that the obligation of Amoco to pay a monthly use charge and the obligation of the City to operate the Facility shall not commence until the City completes its tie-in and commences treatment of municipal and industrial waste in the Facility. The City shall notify Amoco that it has commenced treatment by delivering to Amoco written notification to that effect. This Agreement shall remain in effect until November 15, 2006.

b) After the initial term, this Agreement shall be extended at the request of Amoco for successive terms of not less than three years, by providing written notice to the City within six months of the expiration date.

2. Operation By City

a) The City shall maintain and operate the Facility for (i) the treatment of wastewater generated or located at the Amoco plant located at Wood River, Illinois and (ii) the treatment of all municipal wastewater customarily handled by the City. Such operation by the City shall be conducted in accordance with the then-applicable standards promulgated by the United States Environmental Protection Agency (hereinafter referred to as "USEPA") and with then-applicable regulations of the Illinois Environmental Protection Agency (hereinafter referred to as "IEPA"), and with all applicable permits.

b) The City hereby agrees to indemnify Amoco from all damages, liabilities, fees, fines, penalties, and charges, including, without limitation any damage or injury to any person, or the property of any person, in the event the City for any reason fails to operate the Facility in such a manner so as to meet the applicable standards for wastewater treatment specified and referred to above, except for any failure caused solely by Amoco in failing to meet its Pretreatment Standards and flow limitations specified herein.

3. Throughput Volume

The City guarantees that Amoco shall have the right to 3.6 million gallons average daily flow throughout the term of this Agreement and agrees that Amoco shall have the right to provide the City with additional wastewater if the City has the capacity to accept said additional volume. The combined City/Amoco flow to the Facility shall in no event exceed 6.1 million gallons average daily flow, or a peak flow of 9.8 million gallons per day.

4. Charges

a) In consideration for the treatment of its wastewater, Amoco shall pay to the City a monthly use charge to be calculated in the following manner:

(1) Each month the City shall bill and Amoco shall pay for the amount of Amoco wastewater which the City treated as measured by the meter installed at the inlet point to the facilities for the pretreatment of

Amoco wastewater. Such bill will be based on the actual flow passing through the meter for the prior month.

(2) Every three months the City shall adjust the bill to Amoco if the actual metered flow of Amoco wastewater for the prior three-month period is below the minimum level of 2.6 million gallons average daily flow. If an adjustment is necessary, the City shall bill and Amoco shall pay the charge based on the actual metered flow for the immediately preceding month together with an adjustment charge based on a quarterly volume of 237.25 million gallons.

(3) At the end of a twelve-month period, beginning with the date the City commences joint treatment in the Facility, the City shall adjust the bill to Amoco if the actual metered flow of Amoco wastewater for the prior twelve-month period is below the minimum level of 949 million gallons. If an adjustment is necessary, the City shall bill and Amoco shall pay the charge based on the actual metered flow for the immediately preceding month together with an adjustment charge based on an annual volume of 949 million gallons.

(4) In calculating the amount of Amoco wastewater treated each month, the City shall keep accurate records as to the amount of municipal wastewater, if any, diverted to the storage lagoons from the City's primary treatment facilities, and shall not charge Amoco, nor shall Amoco pay, for treatment of any such municipal wastewater. Said records may be inspected by Amoco upon request.

The cost of administering, operating, maintaining, and replacing the Facility shall be apportioned monthly between the City, Amoco, and any other regional or municipal users in conformance with the User Charge System approved by the IEPA, on the basis of the monthly flow of wastewater entering the Facility from each entity, as determined by flow meters which will be periodically inspected and certified by the City. The following items shall constitute eligible operating, maintenance, replacement, and administrative expenses:

- (a) Salaries and wages
- (b) Electric light and power
- (c) Chemicals
- (d) Supplies
- (e) Fuel for heating
- (f) Pension contributions
- (g) Maintenance expenses (materials and service)
- (h) Laboratory expenses
- (i) Depreciation
- (j) Postage
- (k) General office supplies
- (l) Accounting
- (m) Auditing
- (n) Insurance
- (o) Emergency and other consulting fees
- (p) Other charges which are directly allocable to maintenance and operation of the Facility

The June 10, 1982, estimates of Amoco's pro rata share of the total costs of operating, maintaining, replacing, and administering the Facility is, on an annual basis, \$363,300, and on a monthly basis, \$30,275, which shares are calculated on the basis of an estimated volume of 2.6 million gallons average daily flow of Amoco wastewater, and 1.1 million gallons average daily flow of municipal wastewater entering the Facility. Said shares will, of course, fluctuate based on the factors specified in (1)-(3) above and in accordance with the volume of municipal wastewater treated in the Facility.

Each year the City will establish a budget for the Facility, which budget shall estimate the operating, maintenance, replacement, and administrative expenses associated with the Facility. The fiscal year for budgeting and accounting purposes shall begin on May 1st and end on April 30th of the following year.

b) Amoco hereby agrees to pay, on a monthly basis, its pro rata share of the amortization of the capital costs of the retrofit of the Facility on the basis of the annual capital amortization cost (based on a twenty-year time frame at 7 per cent or such other rate as the other users of the Facility may subsequently agree upon). This share is currently estimated to be \$17,846 annually, and is included in the estimate of Amoco's total pro rata share in 4. a) above. Upon completion of the construction of the tie-in and retrofit of the Facility, apportionment of costs and amortization of capital cost charges will be re-computed based upon actual retrofit costs adjusted to reflect actual construction costs, and amortization thereof, and the amount allocable to each

entity. The revised cost computation will thereupon create the basis of the payment of the user's pro rata share of the retrofit construction costs.

c) The monthly use charges established in 4. a) may be escalated by the parties in direct proportion to demonstrable increases in the City's costs for labor and equipment used to operate the Facility for treatment of wastewater, provided, however, that:

1) The City may not escalate the charge before the end of the fiscal year in which this operating agreement takes effect, and the City may not escalate the charge more than once during each succeeding twelve-month period, unless specifically required by IEPA or USEPA; and

2) The City shall maintain complete and accurate records concerning increases in labor and equipment costs in operating the Facility and shall allow Amoco or an independent accounting firm selected by Amoco to examine and verify said records and annual budgets, at Amoco expense; and

3) The City shall give Amoco at least 60 days prior written notice of the amount and effective date of any intended charge escalation.

d) In addition to the monthly use charge specified in 4. a), Amoco agrees to pay all directly attributable and identifiable costs incurred in connection with the primary/clariflotator unit (also called "pretreatment"), including both capital and operating costs, and wastewater laboratory testing, together with all costs associated with any sludge dewatering, removal and

disposal, which are incurred in connection with the pretreatment of Amoco wastewater, excluding all costs associated with treating or testing municipal wastewater. In addition, if special licensing of City employees is required at any time due to Amoco's participation in this Agreement and this licensing results in higher labor costs to the City, Amoco agrees to pay such additional costs.

All ordinary recurring operating expenses will be billed as part of the monthly use charge; any extraordinary expenses will be billed separately from the monthly use charge.

e) The City shall invoice Amoco by the tenth day of the month for Amoco wastewater treated during the prior month. Said invoice shall contain any credits, debits, or adjustments due Amoco. The invoice shall be sent to Amoco at 200 East Randolph, Chicago, Illinois, 60601, Attention: Vice President, Refining and Engineering. Payment from Amoco shall be due by the last day of that month. A late penalty charge will be assessed on Amoco if payment is not received by the City by the last day of said month, said charge to be calculated on the following basis:

- The first thirty days, or portion thereof, overdue: 2 per cent
- The next thirty days, or portion thereof, overdue: 5 per cent
- If overdue more than sixty days, a 10 per cent per month charge will be imposed retroactive to the date payment was first due.

f) The monthly use charge for the first month of operating expenses shall be paid by Amoco promptly upon receipt of notification from the City that it has commenced joint treatment, and will be based on an average daily flow for that month of 2.6 million gallons.

5. Warranties; Disclaimers.

a) Amoco represents and warrants that it has entered into an Installment Sale Agreement with the Illinois Industrial Pollution Control Financing Authority (see Exhibit 3), to purchase the Facility from said I.I.P.C.F.A., that it has never assigned or sold any interest in said Facility to any party other than the City, that there are no liens or encumbrances of any kind against the Facility other than those associated with the Installment Sale Agreement, and that it has assigned, concurrent with the execution hereof, and subject to the reservations in the Agreement of Assignment, all interest in said Facility to the City.

EXCEPT AS SPECIFICALLY PROVIDED HEREIN, AMOCO MAKES NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE FACILITY, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR THE QUALITY, CAPACITY OR WORKMANSHIP OF THE FACILITY, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE CITY AND AMOCO, ARE TO BE BORNE BY THE CITY AT ITS SOLE RISK AND EXPENSE. EXCEPT AS PROVIDED OTHERWISE HEREIN, IN NO EVENT DOES AMOCO COMMIT TO UNDERTAKE ANY REPAIRS OR MAINTENANCE REGARDING SAID FACILITY.

EXCEPT AS SPECIFICALLY PROVIDED HEREIN, AMOCO SHALL NOT IN ANY WAY BE LIABLE TO THE CITY (I) FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND CAUSED DIRECTLY OR INDIRECTLY BY THE FACILITY, ITS OPERATION, OR THE RETROFIT, USE, MAINTENANCE, OR HANDLING OF IT OR ANY PART THEREOF, OR BECAUSE IT OR ANY PART THEREOF BECOMES UNSUITABLE OR UNSERVICEABLE, OR FOR ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF, OR (II) FOR ANY LOSS OF BUSINESS OR REVENUES OR DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHATSOEVER OR HOWSOEVER CAUSED, AND REGARDLESS OF WHETHER A CLAIM IS BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY IN TORT, OR OTHER THEORY.

EXCEPT AS SPECIFICALLY PROVIDED HEREIN, THE CITY SHALL NOT IN ANY WAY BE LIABLE TO AMOCO (I) FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND CAUSED DIRECTLY OR INDIRECTLY BY THE FACILITY, ITS OPERATION, OR THE RETROFIT, USE, MAINTENANCE, OR HANDLING OF IT OR ANY PART THEREOF, OR BECAUSE IT OR ANY PART THEREOF BECOMES UNSUITABLE OR UNSERVICEABLE, OR FOR ANY INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF, OR (II) FOR ANY LOSS OF BUSINESS OR REVENUES OR DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, WHATSOEVER OR HOWSOEVER CAUSED, AND REGARDLESS OF WHETHER A CLAIM IS BASED UPON CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY IN TORT, OR OTHER THEORY.

b) Without affecting the provisions in 5(a) above, Amoco agrees to provide guidance and instruction to the City in the initial transition phase free

of charge, in order to assist the City in learning the operational requirements of the Facility. In addition, Amoco agrees to have a consultant available to the City on a reasonable basis, as needed, for up to eight months after notice is received from the City that it has commenced joint treatment. It is agreed, however, that Amoco shall in no event maintain any liability with respect to said instruction and consultation. In no event does Amoco agree to be responsible for, or indemnify the City against, any damages, fines or liabilities caused by any failure of the City to perform its obligations under this Agreement.

6. Transition Period

a) Amoco represents and agrees that it will maintain the Facility in good operating condition, during the transition period (defined to be from the date of this agreement until the notification by the City that it has commenced joint treatment), ordinary wear and tear excepted. If the City becomes aware of any action or inaction by Amoco, which is not in accord with the above representation, it shall notify Amoco in writing, and Amoco, upon verification of the City's claim, agrees that it shall take prompt action to correct said matter and meet said representation. In the event a dispute arises between the City and Amoco as to any needed repairs or expenditures during this transition period, Amoco and the City shall each designate an independent arbitrator, who together will appoint a third independent arbitrator who together shall meet and resolve such dispute. Amoco and the City agree to abide by the decision of the arbitration panel. The City shall have no remedy against Amoco for breach of this representation other than that set forth above; upon commencement of joint treatment by the City and notification thereof to Amoco, any

and all liability of Amoco under this section shall cease, unless and except for any notification by the City concerning any repairs or expenditures or any arbitration proceedings which are pending at the time of the City's commencement of joint treatment.

b) Within sixty days of the date hereof, Amoco will provide the City with the following: (1) a complete list of all spare parts for the Facility which Amoco will deliver to the City (including a designation as to the amount of each part), (2) three sets of prints of as-built plans for the Facility or one set of reproducible drawings of as-built plans, and (3) one copy of maintenance manuals, including a parts list, and erection drawings of all mechanical equipment. At the request of the City, Amoco agrees to provide the City with access to the maintenance records and logs of the Facility. At the time the City commences joint treatment, Amoco will deliver said spare parts to the City by bringing them to the Facility. Amoco agrees that it will provide the City with the type of spare parts and, at the least, the minimum amount of each part, which are required to be maintained.

c) In the event the City suffers any loss, liability, expense or damage due to any action of Amoco during this transition period, and subject to the condition that Amoco is found liable and at fault, and after the time for appeal has run or all appeals have been exhausted, Amoco agrees to indemnify and hold the City harmless from all such losses, liabilities, expenses or damages, including any legal fees incurred in defending said action. In no event does Amoco agree to indemnify the City for any actions of its employees which are unauthorized or not in their scope of employment, nor shall Amoco indemnify

the City for any damages which are the result of any action or inaction by the City or any of its agents or employees.

The City agrees that it shall require any contractors hired to perform the retrofit, to carry property insurance in an amount not less than one million dollars and liability and bodily injury insurance in an amount not less than five million dollars and to name Amoco as an additional insured party under said policy.

The City agrees to provide Amoco with designs and specifications of the retrofit prior to implementation of said retrofit plans, and to do nothing that will prevent Amoco from safely operating the Facility during the transition period. The City agrees that its contractor shall consult with a local, knowledgeable representative, designated by Amoco, in all matters relating to the retrofit.

7. Obligations of Amoco

a) Amoco agrees that, throughout the term of this Agreement, it shall provide wastewater to the Facility at a temperature equal to or greater than 45° Fahrenheit, or as necessary to prevent any biological problems resulting solely from cold weather.

b) Amoco shall continue to repay or cause to be repaid all interest, principal and premiums, if any, on the pollution control bonds issued to finance the construction of the Facility, together with all costs or expenses related to said bonds, and any other costs or expenses associated with the Installment

Sale Agreement and the assignment of that Agreement, other than 1) those associated with the operation and maintenance of the Facility, 2) any liabilities or damages resulting from said operation by the City, and 3) those resulting from any action or inaction of the City which causes an Event of Default under the Installment Agreement.

c) Amoco agrees to supply sufficient steam to the City for space heating and freeze protection in operating the Facility, or at the option of Amoco and at its expense, to convert to electric space heat and freeze protection. The above services, exclusive of conversion costs, shall be provided to the City and paid for by the City on a marginal cost basis, and shall be credited against the monthly use charge.

d) In the event that any taxes presently paid by Amoco continue to be assessed on the Facility after the assignment of Amoco's interest therein to the City, Amoco agrees to pay and indemnify the City from any and all such taxes.

e) Amoco agrees to indemnify the City as to any damages resulting from Amoco's failure to meet its obligations in a), b), or c) above.

f) Amoco agrees to comply with such Pretreatment Standards as may be developed by the IEPA and the City of Wood River regarding the discharges of wastewater from the Amoco plant to the Facility, so that said discharges do not, in and of themselves, result in violations of the City of Wood River's NPDES discharge permit. Except for total suspended solids and oil and grease,

compliance with the Pretreatment Standards shall be determined at the Clariflotator outlet.

Amoco agrees to pay to the City, as liquidated damages, such sums as may become due for violating the limitations established in the Pretreatment Standards, said payment to be calculated using the fee schedule to be attached to the Pretreatment Standards as developed by the City or the IEPA.

g) Amoco agrees to indemnify the City from all fines and penalties resulting from violations of the NPDES discharge permit provided such violations are attributable to violations of the Pretreatment Standards or the obligations contained in 7(j) caused by Amoco. In no way shall Amoco indemnify the City for violations resulting from negligence or action on the part of the City.

h) Upon the inability of the City to handle the digestion and dewatering of sludge from the City's primary treatment facilities, and until the City completes its tie-in and commences treatment through the Facility, Amoco agrees to handle the digestion and dewatering of sludge from the City's primary treatment facilities, at a fee of \$12 per 100 pounds of solids, said fee to be billed by Amoco to the City on a monthly basis.

i) Amoco, either directly or through some other party on behalf of Amoco, agrees to supply back-up electrical power to the City to operate the Facility. The above services shall be provided to the City and paid for by the City on a marginal cost basis and shall be credited against the monthly use charge.

j) In the event that any wastewater provided to the City by Amoco is incompatible with the municipal wastewater treated in the Facility, or is in an amount less than that needed to meet any permit requirements applicable thereto, or does not contain sufficient nutrients to properly treat such wastewater in conformance with said permits, Amoco agrees to work with the City to meet all applicable permit requirements, and, if any modifications to the Facility are necessary, Amoco agrees to pay the expenses in connection therewith.

k) Within 30 days hereof, Amoco agrees to provide the City with a warranty deed to the property located between the Facility and the City's sewer plant site, including that property upon which a spay clinic is presently located, a legal description of which is attached hereto as Exhibit 4; and to provide the City with a copy of any leases applicable thereto.

l) Amoco hereby agrees that it will be responsible for, and indemnify the City from, any objections by the bondholders, the Trustee or the Issuer.

8. Storage Lagoons

a) Amoco agrees that, prior to the date of the City's notice to Amoco that it has completed its tie and is commencing joint treatment, and for the purposes specified in b.) below, it will clean and lower its storage lagoons located west of the flood control dike and adjacent to the Mississippi River to a level such that the City will have available at least 150 million gallons of storage space. The parties agree that they shall work together to establish the

parameters which will be used to determine the City's said 150 million gallons of storage space.

Furthermore, throughout the term of this Operating Agreement, Amoco agrees that it will continue to make available to the City the same volume of storage space in said lagoons and to provide access to the City to utilize the 72" sewer connecting the lagoons to the Facility, for the purposes specified in b.) below.

b) The parties agree that the City may divert all volumes of wastewater intended for treatment in the Facility to the said storage lagoons provided that such diversion is in conformance with all permits and regulations relating to the affected facilities. In no event, however, can the City divert any combined sewer overflow or municipal stormwater to the storage lagoons, except when Amoco closes the gate on the 84" discharge from the Levee District pump station and diverts the combined Amoco/City sewer overflows to the lagoons. Amoco and the City agree that they will work out an equitable method for billing Amoco for its share of treatment costs of this combined sewer overflow.

c) If Amoco or the City shall breach or violate any of the covenants, representations or agreements contained in this Section 8 and required to be performed by said party, and said breach causes the other party to suffer or pay any losses, damages, liabilities, penalties, fines, charges or costs of any kind, the breaching party shall hold harmless and fully indemnify the non-

breaching party from and against all such losses, damages, liabilities, penalties, fines, charges or costs suffered, incurred or paid by said non-breaching party.

9. Obligations of the City

a) The City agrees to be bound by the terms of the Installment Sale Agreement between the Illinois Industrial Pollution Control Financing Authority and Amoco, dated as of November 15, 1976, relating to the Facility (a copy of which is attached hereto as Exhibit 3, and incorporated herein by reference), and agrees that it will do nothing to cause an Event of Default thereunder. Furthermore, the City agrees to indemnify Amoco from any liability, damages or expenses incurred by Amoco as a result of the City's failure to meet said obligations.

b) The City hereby grants to Amoco a perpetual easement through the Facility to enable Amoco to gain access to the tank farm for the purpose of fighting any fires which may take place therein, and also agrees to provide a perpetual easement to Amoco to operate the firewater pump located in the Facility (in substantially the forms attached hereto as Exhibit 5).

c) The City hereby agrees to exercise proper control of its employees and agents in the operation of the Facility in a sound, proper manner, and further agrees to indemnify Amoco from any liabilities, losses, damages, or expenses incurred by Amoco as a result of the City's failure to meet said obligations.

10. Force Majeure

If by reason of force majeure any party hereto is unable in whole or in part to carry out its agreements on its part herein contained, other than the obligation of Amoco contained in Section 7(b) hereof requiring Amoco to repay all interest, premium, if any, and principal on the pollution control bonds, and Amoco's obligation to pay the monthly use charges specified in Section 4, the party shall not be in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders of any kind of the government of the United States or of Illinois or any of their departments, agencies, or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquake; fire; tornadoes; storms; floods; washouts; drought; arrests; restraint of government and people; civil disturbances; explosions; breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the parties. The parties agree, however, to remedy with all reasonable dispatch the cause or causes preventing the party from carrying out its agreements; provided, that the settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the party and the party shall not be required to make settlement of strikes, lockouts, and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the party unfavorable to said party. If, however, as a result of any of the above specified causes, the City fails to operate the Facility and treat Amoco wastewater, Amoco shall be relieved of

its obligation to pay the monthly use charges specified in Section 4 for as long as said failure continues, including any pro rata portion thereof for any period less than a full month, provided, however, that Amoco shall pay for any of its wastewater treated subsequent to the conclusion of said force majeure.

11. Default

In the event that the City, for any reason except those specified in Section 10 hereof, fails to treat, for a period of thirty days, Amoco wastewater in conformance with the requirements contained herein, and in accordance with all applicable permits and regulations, and said failure continues for more than thirty days after written notice of said failure has been provided by Amoco, specifying, in detail, the nature of said failure, the City shall be in default under this Operating Agreement. In such event, Amoco may, in addition to and without limiting in any fashion, its other remedies, terminate this Agreement and end its obligation to pay any fees or charges to the City. Such election of termination by Amoco shall be in writing and shall be provided to the City as specified herein.

12. General Provisions

a) No provision of this Agreement shall be construed to create any type of joint ownership or any rights or liabilities except as expressly set forth herein.

b) Should any provision hereof for any reason be held illegal or invalid, no other provision of this Agreement shall be affected, and this Agreement

shall then be construed and enforced as if such illegal or invalid provision had not been contained herein.

c) The failure of a party hereto to insist upon strict performance of this Agreement or any of the terms or conditions hereof shall not be construed as a waiver of any of its rights hereunder.

d) This Agreement shall not be assigned, in whole or in part, by any party without the prior written consent of the other parties.

e) The City represents that it has authority to enter into this Agreement and that it has authorized the Mayor to execute this Agreement.

f) This Agreement contains the entire agreement between the parties, and no modification shall be effective unless it is written and executed by all parties.

g) Any notice required to be given hereunder shall be deemed to have been given on the fifth regular business day after it was deposited in the United States first class mail, addressed to a party at the following address:

If to Amoco, to:

Vice President, Refining and Engineering
Amoco Oil Company
200 East Randolph Drive
Post Office Box 5910-A
Chicago, Illinois 60680

If to the City, to:

City Manager
City of Wood River
111 North Wood River Avenue
Wood River, Illinois 62095

IN WITNESS WHEREOF, the parties have executed this Operating Agreement on the date first written above.

CITY OF WOOD RIVER, ILLINOIS

Sam H. Smith
By

Attest:

Jon Stanley

AMOCO OIL COMPANY

J. D. [illegible]
By

Attest:

R. D. Mitchell

SECRETARY

See File

Draft # 1 - 5/25/82
Draft # 2 - 6/4/82
Draft # 3 - 6/18/82
Draft # 4 - 6/24/82
Draft # 5 - 6/30/82
Draft # 6 - 7/1/82
Final - 7/2/82
Approved 7/6/82

City Reps

Gary Webster - City Mgr.
George Christ - Pub Works Dir.
Charlie Sheppard - Consult. Eng.

Amoco Reps

John Huddle
Rich Szymulski
Jeff Harder (attn)